THE NEW REVENUE ACT

One of the most important congressional measures of recent years and one that establishes precedents that give promise of increasing significance is the new Federal Revenue law which was approved September 8, 1916. Although the importance of this bill was somewhat overcast in popular attention during the closing days of a long session by the ominous railroad situation, nevertheless, it is an act which will take high rank because of its radical departures in order to carry out new and far-reaching national policies on a scale that is unprecedented and that was little dreamed of until two years ago. Not only because of the vast increases in national revenues and expenditures which it involves, nor alone because of the new national policies to which it commits us, is this act of significance, but also because of the reversals in policies to which it commits the Democratic party, the oldest and in some respects the most conservative of our political organizations.

This new omnibus measure, together with the unrepealed parts of the Underwood Tariff bill and of our internal revenue laws, is intended to supply all of our federal revenues and it is the especial purpose of this act to provide additional funds for our new preparedness program, though of course it is alleged by the opposition, and with some justification, that much of the increase is to provide for newly created offices, "pork-barrel" appropriations, and other extravagances of the Democratic party. As is indicated by the titles given below, most of the desired increase is to be raised by higher taxes upon incomes and by new taxes upon inheritances and manufacturers of munitions. There are attempts also to give temporary protection to encourage the development of the infant industry of dye manufacturing, to change the rates of the original Underwood bill so as to help newspapers in the matter of printing paper, and to prevent unfair competition, or the dumping of foreign goods upon our market at the close of the European war. Not least important is the provision for a permanent non-partisan, or possibly a bi-partisan, tariff commission.

When presenting its bill, the Committee on Ways and Means made the following estimate:[1]

[1] H. Rept. No. 922, 64th Cong., 1 Sess., p. 2.

Total estimated appropriations for the fiscal year ending June 30, 1917		$1,579,000,000
Deductions:		
Bond issues on account of Mexican situation	$125,000,000	
Sinking fund	60,727,000	
Postal appropriations, payable from postal revenues	324,723,000	510,450,000
Balance		$1,068,550,000
Deduct 5 per cent of the balance, the amount estimated to be unexpended		53,428,000
Amount for which it is necessary to provide revenue		$1,015,122,000
Estimated revenue under present laws:		
Customs	$230,000,000	
Internal revenue:		
Ordinary	303,000,000	
Income tax	120,000,000	
Emergency	41,000,000	
Miscellaneous	54,200,000	748,200,000
Estimated excess of disbursements over receipts		$266,922,000

This committee then estimated that its bill as reported to the House would meet the requirements as follows:

Estimated excess of disbursements over receipts, as per foregoing statement [2]		$266,922,000
Estimated additional receipts under the proposed bill:		
Income tax	$107,000,000	
Estate tax	17,000,000	
Munition manufacturer's tax	71,000,000	
Miscellaneous taxes	2,000,000	$197,000,000
Balance to be taken from general fund	69,922,000	
Total additional receipts required		$266,922,000

In view of certain proposed amendments to the revenue bill and also to appropriation bills, the Senate Committee on Finance made somewhat different estimates as follows:[3]

Additional revenue required		$234,243,000
Estimated additional receipts under the pending bill:		
Income tax	$109,500,000	
Estate tax	20,000,000[3]	
Munition manufacturer's tax	40,000,000	
Miscellaneous taxes	35,500,000	$205,000,000
Balance to be taken from general fund	29,243,000	
Total additional revenue required		$234,243,000

[2] No. 793, pt. 1, 64 Cong., 1 Sess., p. 2.

[3] Estimated for the fiscal year 1917. After this law is in full force it is estimated that this will be increased to about $65,000,000 per annum.

The principal differences in the bill as recommended by the Ways and Means Committee and passed by the House as compared with that recommended by the Finance Committee and passed by the Senate are five: first, the Senate favored higher rates of the "additional tax" upon the larger incomes; second, and similarly, it favored higher rates upon the larger estates of decedents; third, it favored changing the taxation of munitions from a gross-receipts to a net-profit basis; fourth, it favored the imposition of an additional tax, a kind of a capital-stock license tax for doing business, upon all corporations having a capital stock of a fair value in excess of $99,000; and fifth, it favored the retention of most of the documentary stamp taxes as provided by the emergency War Revenue act of October 22, 1914. In the main, the Senate amendments prevailed in all of these matters except the last. In this connection it is worthy of note that the Senate Committee estimated slightly smaller receipts from its higher rates on incomes and inheritances than did the House Committee.

The new act as finally approved consists of nine so-called "titles" as follows:

I—Income Tax.
II—Estate Tax.
III—Munition Manufacturer's Tax.
IV—Miscellaneous Taxes.
V—Dyestuffs.
VI—Printing Paper.
VII—Tariff Commission.
VIII—Unfair Competition.
IX—Miscellaneous Provisions.

Title I is a complete new income tax act which supersedes the income tax section of the act of October 3, 1913, popularly known as the Underwood Tariff bill. This new income tax act is not entirely or even mostly new in its essence, and much of the former phraseology remains; but it has been recast, rearranged, modified, and, it is hoped, clarified. The most significant changes are a doubling of the "normal" rate and increases in the "additional" rates, especially those falling upon large incomes. In the Underwood bill, the "normal" rate upon taxable net incomes of individuals and corporations was 1 per cent; in the new law, this rate is 2 per cent.

Following are the rates of the old and new law, for the "additional" income tax, which, it will be remembered, applies to the incomes of individuals but not to the incomes of corporations. The

last three classifications of the new law with rates of 11, 12, and 13 per cent respectively are Senate amendments to the House bill:

Part of income to which applicable.		
Old law	*New law*	*Tax, per cent*
$20,000- 50,000	$20,000- 40,000	1
50,000- 75,000	40,000- 60,000	2
75,000-100,000	60,000- 80,000	3
100,000-250,000	80,000- 100,000	4
250,000-500,000	100,000- 150,000	5
500,000-any excess	150,000- 200,000	6
	200,000- 250,000	7
	250,000- 300,000	8
	300,000- 500,000	9
	500,000-1,000,000	10
	1,000,000-1,500,000	11
	1,500,000-2,000,000	12
	2,000,000-any excess	13

Various income-tax-paying individuals and corporations, as well as some members of both Houses, made more or less of a fight to lower the exemptions by $1,000 each. They claimed that the high rates combined with the large exemptions penalize private enterprise and encourage public undertakings by making large sums of money available through investment in tax-free public bonds. Such claimants deplored the notorious inefficiency and the exceeding extravagance of our constantly changing political administrations in city, state, and national governments. Though these critics are undoubtedly biased by their interests, it is certainly true that the income tax provisions put public securities upon a better investment basis than other issues.

Among the strongest of the protestants against the existing exemptions was Mr. Underwood whose name attaches to the old law, and even Mr. Cordell Hull of Tennessee, who fathered the original income tax section as well as this part of the present law, said he would not be very averse to lowering the exemption, not that it would bring in much additional revenue, but to remove unjust prejudice against the law on account of the exemption. Treasury officials estimated that if the exemptions were lowered as proposed, the tax would apply to 200,000 additional persons and afford $4,500,000 additional revenue. Congress evidently thought that the additional expense and annoyance of collecting so small an amount in so many driblets was not economically justifiable, or rather, perhaps, was not politically expedient. At any rate, there has been no change in the exemption of $3,000

for an unmarried person or $4,000 for a married person living with wife or husband. The textual ambiguity of the old law which might allow a husband and wife a combined exemption of $7,000, remains unremoved in spite of numerous criticisms and doubtless it will have to be covered by rulings in the future as in the past.

The limit for the time of payment of the tax has been advanced from June 30 to June 15 to provide for the collection of all the tax within the fiscal year, which ends June 30, and to make the penalty for non-payment attach within the same fiscal year. It is worthy of note that the great bulk of the income tax is paid at one time, that is, in June, and does not form a continuous stream throughout the year to anything like the degree that the customs and ordinary internal revenues do. This would be a distinct advantage if quarterly or other payments by the government were especially heavy July 1, but it also has the disadvantage of disturbing the money markets through the withdrawal of so much cash from regular channels at this time. The amount thus withdrawn in June is lessened to some extent by corporations which adopt their respective fiscal years as the basis of their income tax payments.

Paragraph G (a) of the old law provided that the tax should not apply to labor, agricultural, or horticultural organizations, nor to fraternal beneficiary, religious, charitable, scientific, educational, and other similar organizations; nor should it apply to certain mutual savings banks, building and loan associations, or other specified non-profit-making associations. Experience showed that there were many other similar organizations besides those definitely enumerated, but the Commissioner of Internal Revenue insisted upon a strict interpretation and held that all not specifically named should pay the tax. The new law extends the enumeration to correct this defect.

The old law provides for levying the tax upon *accrued* net income whether it is in the form of dividends, interest, rent or something else, even though such income has not been received. As the present writer pointed out at the time, the carrying out of such a provision is administratively impracticable and even impossible if more than a rough approximation is sought. The new law permits the use of either *accruals* or *receipts*, if the basis selected clearly reflects the income.

For the purpose of calculating the gain derived or loss sustained from the disposition of property acquired before March 1, 1913,

the cash value of such property at that date is taken as the basis. It was upon incomes accruing from this date that the income tax was first collected under the act of October 3, 1913. A ruling of the commissioner under the old law required the inclusion in income of profits however made, but did not allow deductions of losses sustained in transactions that were incidental or not connected with one's business or trade; for example, an occasional real estate or stock exchange transaction that a doctor or a clothier might make. The new law allows the deduction of such losses to an amount not exceeding the profits arising therefrom.

Under the old law, the commissioner had ruled that non-resident aliens might be relieved of the tax so far as it concerned interest on bonds with underlying assets situated in the United States. This ruling really contravened the spirit of the law but it was in harmony with some of the conflicting court decisions relative to the taxing of bonds, and it had the further justification of encouraging the investment of foreign capital. Of course, this encouragement was by just so much a discrimination in favor of the foreign as opposed to the domestic investor. The new law definitely does away with the ruling and puts the non-resident alien bondholder on the same footing as the resident. Such banks as the National City Bank of New York claim that this is unwise as it will increase the withdrawal of foreign investments and check new commitments and thus make more difficult the holding of gold reserves in this country after the close of the war. It will be a direct blow, also, at New York's ambition to become the world's money market.

Perhaps no feature of the income tax law has caused more unfavorable criticism than the stoppage-at-the-source provision, which throws much of the burden of collecting the government's revenues upon banks, trust companies, corporations, and other agents. The taxpayer also is injured by being deprived of his money, usually several months and some times over a year, before the government gets it from the withholding agents. This means that he stands the risk of the agents' solvency and that he loses the interest on his money in the meantime, though the agents get the advantage of his risk and loss to compensate them for their trouble. To remedy these defects, considerable pressure was brought to bear a year or more ago to substitute information-at-the-source for stoppage-at-the-source and to pay some of the most heavily burdened withholding agents for their services. Although

it seemed probable at one time that these suggestions were among those most likely to be adopted when the law was revised, such has not been the case, probably because of the inherent difficulties and also because of the pressure of other matters upon Congress.

The new law does not remove the discrimination against individual incomes received in the form of corporate dividends, and it still retains the phraseology which requires the double or multiple taxation of holding companies. Little sympathy need be wasted because it does not change the provision to relieve corporations in the matter of their old guaranteed "tax-free" bonds, though it may be admitted that, due to the lack of concern on the part of the owners of these bonds, the corporations have to pay taxes on more bond interest than the law makes necessary if the bondholders cared to take the trouble to save the corporations this money by reporting their allowable deductions and exemptions.

The revised law seems to have made no attempt to provide against the double taxation of both resident aliens and non-resident citizens; it does not introduce the principle of differentiation between funded and earned incomes, as is common in most other countries, and it still retains the monetary conception of income, taking no account of such income as farm produce and house rent when consumed by the producer and owner respectively. It is probably administratively justifiable to postpone the amendment of these matters, especially the matter of differentiation which is accomplished in essence by other provisions of this and other tax laws.

Aside from the increase in rates, the revision makes no great changes of substance. Practically all of the changes that are made are for the better and represent a natural development following administrative experience. The changes in form are much more noticeable and extensive. The arrangement of the old law was unfortunately haphazard and unsystematic; references were unnecessarily difficult, various terms and phrases were ambiguous, and there was a looseness in the use of even technical terms that was very confusing. The recast law is a great improvement in regard to these matters.

Title II, the Estate Tax, is an entirely new addition to our existing federal revenue system. It is true that we had federal inheritance taxes to meet the needs of the Civil and Spanish-

American wars, but they were short-lived. The Payne-Aldrich Tariff bill of 1909 included a provision for an inheritance tax, but by this time many states had such a tax for state purposes. They made such a protest against the federal government's encroaching upon this field, and the western demand for an income tax was so great, that the inheritance tax provision was dropped and, instead, a corporation tax was substituted and an amendment for a federal income tax submitted to the states.

Since that time the inheritance tax has been even more generally adopted by the several states, until now thirty of them have such taxes on both direct and collateral heirs and twelve others upon collateral heirs only. There was some of the former state opposition in evidence this year, but it was less influential and did not have the vigorous support of the National Tax Association as before. Besides, this measure was being advocated by the party which assumes especial prerogatives in the guarding of state rights.

It was pointed out by the Ways and Means Committee that state inheritance taxes really fail to yield much revenue, the total for the 42 states being only $26,470,964 in 1913 and $28,217,736 in 1915, as compared with $132,000,000 for Great Britain in 1914. It is estimated, as noted above, that the new federal estate tax will yield $20,000,000 this fiscal year (1917) and $65,000,000 after the law has been in operation a few years.

The tax is imposed upon the transfer of the entire net estate of every decedent, whether a resident or a non-resident of the United States. It is to be noted that the tax is upon the transfer, rather than upon the estate as such; that it applies to the entire estate (less deductions and exemptions) rather than to the separate shares of the legatees; that there is no differentiation between collateral and direct heirs; and that it applies only to the amounts by which such estate exceeds $50,000. The taxable "net estate" is defined as the gross estate, less certain deductions for debts, administrative expenses, losses, etc., and also less an exemption of $50,000 for residents of the United States. Non-residents are to be allowed exemptions and deductions in proportion to the parts of their estates that are situated without the United States, provided they furnish the required information.

The rates of the new estate tax are as follows, the last five classifications with their respective rates being additions which the Senate made to the House bill:

Amount of "net estate"		*Tax, per cent*
$000-	50,000	1
50,000-	150,000	2
150,000-	250,000	3
250,000-	450,000	4
450,000-	1,000,000	5
1,000,000-	2,000,000	6
2,000,000-	3,000,000	7
3,000,000-	4,000,000	8
4,000,000-	5,000,000	9
5,000,000-	all over	10

Title III, Munition Manufacturer's Tax, is also an entirely new addition to our federal system, but unlike the income and estate taxes, it is definitely restricted to a period ending one year after the close of the present European war. This tax is admittedly in imitation of munition taxes in such neutral countries as Sweden and Denmark and in such belligerent countries as France, Italy, Great Britain, and Germany.

The Ways and Means Committee recommended rates of from 2 to 5 per cent upon gross receipts, but that in no case should net profits be reduced below 10 per cent; the Senate Finance Committee recommended a change of basis from gross receipts to net profits and a differentiation between finished munitions and raw materials entering into the same, suggesting the rate of 10 per cent upon the former and 5 per cent on the latter. The law as adopted levies 12½ per cent upon net profits of such manufacturers without the suggested differentiation and without the 10 per cent minimum net-profit provision. Dynamite, blasting powder, cartridges, and caps used for industrial purposes are excluded.

Title IV, Miscellaneous Taxes, is a revision of the emergency or War Revenue act of October 22, 1914, and has to do with taxes on liquors, tobaccos, amusements, brokers, and corporations. The tax of $1.50 per barrel upon beer, ale, and similar liquors is retained; the tax on still and artificial wines is changed by graduating it according to alcoholic content, reaching 25 cents per gallon on that containing over 21 per cent alcohol as compared with a maximum of 8 cents under the former law. The revision classes wine containing over 24 per cent of alcohol as distilled spirits and makes it taxable accordingly, whereas, the former law made such wine forfeitable to the United States. The rate upon sparkling wines, cordial and similar compounds is reduced from

5 cents to 3 cents per half pint, and a new provision is added taxing artificially carbonated wine 1½ cents per half pint.

There is a reclassification of the taxes upon the manufacturers of tobacco, cigars, and cigarettes, so that the new taxes are more nearly proportional to the quantities manufactured. For example, under the old law, a manufacturer of tobacco paid $300 tax whether his annual sales were 1,000,000 pounds or 4,999,999 pounds; under the new law, he pays 8 cents per thousand pounds or fraction thereof. The new rates are much lower on the larger manufacturers.

The taxes upon various classes of brokers, as well as taxes upon amusements, are practically unchanged except that in towns of less than 5,000 population the rates upon theaters and similar places are reduced by half.

The old law authorized a tax of $1 for each $1,000 of capital employed by banks. Instead of this, the new law imposes a special excise tax of 50 cents per $1,000 fair value of capital stock upon every corporation, insurance company, or other association having a capital stock represented by shares, except that the legal reserves of insurance companies are not to be included and an exemption of $99,000 is allowed each corporation or company. Munition manufacturers are not subject to both this tax and the munition tax (Title III), but are subject to the one of the two which yields the greater revenue to the government.

The new law repeals the taxes upon telegrams and telephone messages as well as the documentary stamp taxes of the 1914 law, such as those upon bonds, notes, stock certificates, conveyances, freight bills, parlor car seats, berths, etc.

Title V, Dyestuffs, is a revision of certain paragraphs of the Underwood act and is an attempt to give temporary protection to encourage the domestic manufacture of dyes. The Ways and Means Committee took particular pains to deny the adoption of Republican protectionism with respect to this part of the law, saying that "The committee has decided, like Great Britain and Japan, that this war anomaly as it affects dyestuffs can only be dealt with in a manner that under normal conditions would not be wise, justifiable or necessary."

It is pointed out that when the war began we had only six factories with 400 operatives manufacturing coal-tar colors to the amount of 3,300 short tons annually as compared with an im-

portation from Europe of 25,700 tons, 22,000 tons being from Germany. Over $2,000,000,000 worth of American manufactures, including all the manufactures of silk, cotton, wool, paint, and wall-paper, are annually dependent upon these dyes. "The real consumers are these and similar industries. They ask for increased rates upon these dyestuffs. They declare they are willing to pay a high tariff in order to help create a dyestuff supply in this country, and do not ask for an increase in the tariff rates upon their finished products."[4] The present writer assumes that this part of the law as drawn is an honest attempt to accomplish the professed purpose, but he is not well enough versed in the chemistry of dyestuffs to discover all possible jokers that might be hidden in the formidable lists of chemicals as contained in the new law.

A very unusual and interesting provision of this "title" of the law, and one which involves a principle which the writer believes might be applied with profit to other tariff schedules, is that, after five years of this special protection, the rates are to be taken off in five equal annual instalments, but if at the expiration of five years from the passage of this act, the President finds that domestic production is less than 60 per cent of domestic consumption, then these special duties shall no longer be levied. In other words, this infant may expect nursing for five years; if it is then promising, it will be weaned gradually and encouraged to shift for itself; but if nursing and time bring no adequate development, it will be exposed to the elements.

Title VI, Printing Paper, puts on the free list printing paper valued at 5 cents or less per pound. The old law made 2½ cents the basing point. The recent rise in the price of paper had made much of the importation dutiable, contrary to the intention of the Underwood bill.

Title VIII, Unfair Competition, prohibits the dumping of foreign goods in the United States with the intent of injuring or destroying domestic industries, and it imposes a double duty upon goods imported under agreement that the importer or others shall use these goods exclusively. It also gives the President large discretionary powers of retaliation against belligerents and others who discriminate against American products, vessels, or firms. Prohibition of imports, detention of vessels, and the use of our

[4] Ways and Means Committee, H. Rept. No. 922, 64 Cong., 1 Sess., p. 8.

military forces, are among the measures authorized. This feature of the law is fraught with grave possibilities and, consequently, puts heavy responsibilities upon the President. It is intended especially as a weapon to use against Great Britain's interference with American commerce. Time alone can prove its efficacy.

Title IX contains general, incidental, and irrelevant provisions which do not justify other comment in this connection.

Title VII, Tariff Commission, provides that the President shall appoint a commission of six members, not more than three of whom shall be of the same political party and defines its duties and powers as follows:[5]

Sec. 702. That it shall be the duty of said commission to investigate the administration and fiscal and industrial effects of the customs laws of this country now in force or which may be hereafter enacted, the relations between the rates of duty on raw materials and finished or partly finished products, the effects of ad valorem and specific duties and of compound specific and ad valorem duties, all questions relative to the arrangement of schedules and classification of articles in the several schedules of the customs law, and, in general, to investigate the operation of customs laws, including their relation to the Federal revenues, their effect upon the industries and labor of the country, and to submit reports of its investigations as hereafter provided.

Sec. 703. That the commission shall put at the disposal of the President of the United States, the Committee on Ways and Means of the House of Representatives, and the Committee on Finance of the Senate, whenever requested, all information at its command, and shall make such investigations and reports as may be requested by the President, or by either of said committees or by either branch of the Congress, and shall report to Congress on the first Monday of December of each year hereafter a statement of the methods adopted and all expenses incurred, and a summary of all reports made during the year.

Sec. 704. That the commission shall have power to investigate the tariff relations between the United States and foreign countries, commercial treaties, preferential provisions, economic alliances, the effect of export bounties and preferential transportation rates, the volume of importations compared with domestic production and consumption, and conditions, causes, and effects relating to competition of foreign industries with those of the United States, including dumping and cost of production.

Sec. 705. That upon the organization of the commission, the Cost of Production Division in the Bureau of Foreign and Domestic Commerce shall be transferred to said commission.

The first commissioners are to be appointed for two, four, six, eight, ten, and twelve years, respectively, and their successors for

[5] Act of Sept. 8, 1916, Title VII, Secs. 702-705, pp. 46-47.

terms of twelve years. Their salaries are to be $7,500 and they are authorized to appoint a secretary at $5,000. A permanent annual appropriation of $300,000 for establishment and maintenance is authorized.

The creation of this commission and the protection of dyestuffs was fought by Mr. Underwood[6] and others who quoted the fathers to prove that such action was contrary to the long-established principles of the Democratic party, and opposition members of both Houses got no little satisfaction in twitting the converts to Republicanism. It is true that Democratic politicians and platforms have said much about the unconstitutionality of all tariffs other than those purely for revenue purposes as well as about the inconsistency of appointing a tariff commission when disavowing protection. This claim of unconstitutionality of protective tariffs, even as an ancient Democratic doctrine, is not very convincing in view of the actions of Madison, Jefferson, and others of the fathers; and if it were, so much the worse for the party principles. A tariff commission, as a permanent body, with the powers and duties as prescribed in this bill, is inconsistent with absolute free trade, but it is not entirely inconsistent with a program of revenue tariffs, for the latter practically always involves incidental protection and other industrial effects. Nor is a commission inconsistent with a policy of gradual change from protection to free trade where an attempt is made to minimize the shock of readjustment.

The two tariff commissions which we have had heretofore were rather partisan, especially the one of 1882, and Congress disregarded the findings of both in enacting its legislation, though it is true that, despite the criticism and outward contempt shown by the Democrats for President Taft's commission, nevertheless, these same Democrats seem to have made extensive and profitable use of its findings.

At this writing, the commission has not been appointed, though President Wilson has promised that it will be before the election. If it is composed of properly qualified men, and if Congress will give it a fair chance, despite changes in party ascendancy, it ought to be able to give Congress data for scientific as opposed to haphazard tariff making, and the same data can be used for the forming of a more intelligent public opinion upon tariff questions. It is not likely to take the tariff out of politics; the most

[6] See *Congressional Record,* vol. 53, no. 211, pp. 15306-15318 *et passim.*

that can be hoped, perhaps, is that it will furnish adequate and reliable data as a basis for action, but we can not expect nation-wide unity on tariff policies so long as the economic interests of different sections and classes are so diverse.

The various movements of the sponsors of this bill upon its passage through both Houses of Congress threw many interesting side lights upon Democratic party policies. There was much uncertainty as to just how much preparedness the party was prepared to prepare for; there was also some question as to how much "pork" could be carried off without getting caught, or at least, without causing too much odor and outcry; and furthermore, the avowed adoption of protection to dyestuffs and the creation of a permanent tariff board involved the "eating of much Democratic crow," a delicacy that is less tempting to most politicians than that of the porcine variety.

As a matter of fact, the dyestuff protection and the tariff board are more inconsistent with the teachings of false, even if numerous, Democratic prophets than with the true principles of that party, if we understand them aright. The other main features of the bill are characteristically Democratic in two respects at least: first, in abandonment of the tariff even as a source of revenue, although great increases of funds are called for; and second, in their pronounced trend towards "equalitarianism." More and more is privileged protectionism to be undermined front and rear; more and more is great wealth, especially easily gotten war-made wealth, to be made to disgorge and to share its gains by lifting the burdens of government and of government subsidies from the shoulders of the great consuming masses. It is not probable that this will be the end of this equalitarian movement. It does not seem to the present writer that this bill goes too far in this direction, though he can easily see that it is not going to be smooth sailing ahead forever.

ROY G. BLAKEY.

University of Minnesota.